

AUTHORIZATION FOR ELECTRONIC FUNDS PAYMENT

WHAT SHOULD A DEPARTMENT DO TO PROCESS A PAYEE'S REQUEST TO RECEIVE PAYMENT VIA ELECTRONIC FUNDS TRANSFER (EFT)?

Electronic funds transfer (EFT) allows for payments to be made to Contractors electronically. It is the preferred method of payment for all payees doing business with the Commonwealth. A new Contractor should always be encouraged by the Department to receive payment electronically. It saves the Commonwealth money and can be more efficient for the payee. When a Department initiates a new business relationship with a payee this question should always be asked.

Registering a Contractor for EFT payment is the responsibility of the Department doing business with that payee. The Contractor should complete and return **to the Department** the "Authorization For Electronic Funds Transfer Payment" form, which follows. This form contains the banking information that the Department must enter on the Vendor Update (VU) Transaction screen.

Departments should follow the steps listed below:

- I. Departments will enter the required EFT information on the Vendor Update (VU) screen.
- II. After the Vendor Update has been approved by CTR, MMARS alerts Treasury to the fact that an EFT Contractor request has been entered.
- III. The Treasury initiates a pre-note process, similar to a test run, of the EFT process, to ensure that the electronic transfer will work correctly. This takes about 15 days to complete.
- IV. If there is no problem, the EFT payment process is enabled.
- V. If there is a problem, there are two options:
 - A. In some cases, TRE will be able to correct misinformation and process the EFT request. The Contractor Banking Status Table (VBST) will be updated with a 'Y' in the "Notice of Change" field. If the banking information has been corrected the Department may have to update their own internal system when applicable.
 - B. In other cases, TRE will not be able to fix the information. Departments must monitor the VBST table, for any rejected EFT and changed requests. The VBST screen contains the "Electronic Commerce Status Flag". If the value for your Department Contractor is "R" for Reject, either the Pre-note on the "EFT" has rejected for the Contractors shown on that table. The Department should contact the Contractor to resolve the problem.

Availability of Electronic Funds Transfer (EFT) for Payees

In order to facilitate the Contractor's use of this technology, on the next page is the Authorization for Electronic Funds Payments form, which can be given by Departments to Contractors. Contractors should then return the form to the Department so the following data can be entered on the Vendor Update (VU) transaction.

- Bank Transit Routing Number
- Bank Account Number
- Type of Account (Checking or Savings)

Having the Contractor attach a voided check to the form may be helpful to the Department in ensuring the accuracy and completeness of the information. To complete the EFT initiation process, Contractors need to contact their bank and inform it that they will be receiving their payments by EFT. The bank receives EFT payments through their Automated Clearing House (ACH) service. It is then up to the bank to provide that detailed payment description information for the payee.

COMMONWEALTH OF MASSACHUSETTS
AUTHORIZATION FOR ELECTRONIC PAYMENTS

The Commonwealth's goal is to make the printing and mailing of paper checks an obsolete business practice in the Commonwealth of Massachusetts. Electronic fund transfer (EFT) is the preferred method of payment for all payees doing business with the Commonwealth. EFT saves the Commonwealth money and is more efficient for the payee.

EFT allows for payments to be credited to payee's designated account electronically similar to an employee's direct deposit of payroll. The Commonwealth has been offering EFT to Vendors for almost 15 years. Annually, the Commonwealth pays more than \$5 billion dollars via EFT. Payments are more predictable, with no delays to the payee. Remittance information is transmitted to the vendor bank and is provided to vendors on their bank statements. This remittance information can now also be accessed via the Internet at the Comptroller's VendorWeb site <http://massfinance.state.ma.us>.

Payees can sign up through the Office of the Comptroller. To expedite this process, the payee should complete the lower portion of this page and return to the address listed below.

A voided check attached to the form may help to ensure the accuracy and completeness of the information. To complete the EFT initiation process, payees should contact their bank once the form has been filed with the Commonwealth and inform them that they will be receiving payment by EFT using the CTX format. The bank receives EFT payments through their Automated Clearing House (ACH) service.

EFT is safer and faster. Thank you for your smart decision in going the EFT way.

COMMONWEALTH OF MASSACHUSETTS
AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER PAYMENTS

"I hereby authorize the Commonwealth of Massachusetts, through the State Treasurer, to deposit funds due into the account at the bank named below. The State Treasurer is also authorized to debit my account only to adjust any over deposit which it has caused to be made to my account."

VENDOR BANK INFORMATION:

Vendor Bank Name:

Vendor Bank Transit Routing Number:

Vendor Bank Account Number:

(Please Check Account Type): Checking Account (attach voided check) or Saving Account

VENDOR INFORMATION:

Vendor Tax Identification Number (EIN):

Vendor/Business Name:

Vendor Contact Name: _____ **Telephone:** _____

Address:

City: _____ State: _____ Zip: _____

This authorization will remain in effect until either canceled in writing or an updated form changing information is sent to:

**Office of the Comptroller
One Ashburton Place, Room 901
Boston, Ma 02108**

AUTHORIZED SIGNATURE:

Print Name and Title:

DATE: _____